

**MINUTES**  
**CHICOPEE MOBILEHOME RENT CONTROL BOARD**  
**JULY 7, 2016 @ 6:00 P.M.**  
**BLUE BIRD MHC, LLC**

**MEMBERS PRESENT**

Robert Hopkins, Sharyn Riley, Joshua Clark

**ALSO PRESENT**

Christine Pikula, Attorney to the Board  
Chantal Paul, Secretary

**OLD BUSINESS**

**Robert Hopkins:** First order of business to approve the minutes of April 20, 2016. Motion on the minutes?

**Joshua Clark:** Move to approve minutes of April 20, 2016.

All in favor. Motion passes unanimously.

Second set of minutes is the June 6, 2016 meeting.

**Joshua Clark:** Move to approve minutes of June 6<sup>th</sup>.

All in favor. Motion passes unanimously.

**Robert Hopkins:** The second item under old business tonight is the hearing for Blue Bird MHC, LLC.

Robert reads rules...

**Robert Hopkins:** Mr. Dugre, I'm presume you're representing the mobilehome park first?

**Marc Dugre:** All inaudible, therefore, typed this information from his letter/proposal submitted dated March 7, 2016. "Since acquiring the park in 2013 the new owners have struggled to meet their financial commitments and have actually fallen behind on their mortgage payments. As a result, they are looking for increase of \$64.00 per trailer site, to total monthly fees of \$305.00 for the fixed trailer sites and \$235.00 for the travel trailer sites, exclusive of the city tax fee. This \$64.00 increase request is based upon the same formula used by the previous owners of this park in their rent increase request over the past decade, which was to limit the requested increase to the cost damages incurred since the last rent adjustment, up or down, for just a few significant items. The expense items used are the same as before, *Real Estate Tax*,

*Health Insurance, and Water – plus the Debt Service Cost* of the mortgage which did not exist prior to the acquisition of this park by Blue Bird MHC, LLC”.

Owner wanting to give pictures to the Board.

**Robert Hopkins:** Can we accept those, they're pictures.

**Christine Pikula:** Is it new evidence, it is rebuttal...I would say rebuttal evidence shall be allowed by the chairperson at his or her discretion.

(Inaudible)

**Robert Hopkins:** At this time it appears the park owner has completed their presentation at this time and we will entertain questions of Marc.

**Attorney Joel Feldman:** What did you call the fair return 7%? (Inaudible)

The Fair return was \$125,000. Also, I am asking that you don't take the rebuttal information.

**Joshua Clark:** In the expenses, are any of these different from 2012?

**Marc Dugre:** Overall, very similar in total.

**Joshua Clark:** (Inaudible)

**Joshua Clark:** In looking at the list of expenses that you provide us here, we have a couple of questions on the Management Guaranteed Payment, the Professional Fees, Dues and Subscriptions, Legal Fees, Depreciation, etc., etc. but the question that I have is are any of these lines items on the list of expenses any different. Did you add anything; take away anything from the 2012? Is there anything different in what the Board had seen in 2012 in my question?

**Marc Dugre:** (Inaudible).

**Joshua Clark:** Mr. Dugre, let's say, for instance, in 2012 payroll was \$40,0000, looks like there's been a change to \$40,479.00. Would it be wise or not wise to provide documentation to back up that change for the \$479.00 or no.

**Marc Dugre:** (Inaudible)

**Joshua Clark:** It's gone up in the proposal but we don't have the documentation to back up that it's \$10,182.00. We don't have any documentation like we do for real estate tax or for health insurance, water.

**Marc Dugre:** (Inaudible)

**Joshua Clark:** You had made a statement about...in your experience in working, not only for S&M Bluebird, but for all the other parks you work with in the City. Have any of these parks ever included the debt service in their rent?

**Marc Dugre:** (Inaudible)

**Joshua Clark:** And you had said that for some of the parks in the City that you had worked with, the debt service issue, even if they had a mortgage, wasn't a problem because they had been receiving their fair net operating income.

**Marc Dugre:** (Inaudible)

**Joshua Clark:** In looking at this, the way that you calculated your fair net return and you said multiple times in your presentation, that it would be off the assessed value of the property.

If 5% of 3.3 million is roughly \$180,000, you would be in here fair net return as 2.5 million times 5%, and that would give you \$125,000, that's off the mortgage value, not the assessed value. Which is it, the assessed value or the mortgage?

**Marc Dugre:** (Inaudible).

**Joshua Clark:** Using your theory about the park being able to afford its mortgage payments, if it had been receiving a fair market fair of return, which in the legal sense, as I understand it, from both presentations and what I have been reading in the ordinances would be of the assessed value at 3.3 million, which would be \$180,000, now if you take out the debt service line item, you are going to make...

**Marc Dugre:** (Inaudible)

**Joshua Clark:** So if 7% is the number you want to work with, then that's \$281,000. If you were to get your fair net return at \$231,000 then you would not need to charge the debt service in the rent as I understand it.

**Robert Hopkins:** Anything further from the mobilehome park? Mr. Feldman are you prepared to go forward?

**Attorney Joel Feldman:** (Inaudible).

**Robert Hopkins:** Any questions from the Board to Mr. Feldman? Any questions from the tenants? Do you want to turn it over to someone else defending the tenants? Please identify your name, address and lot number.

**Tenant** (Inaudible).

**Marc Dugre:** (Inaudible).

**Joshua Clark:** Mr. Dugre, I have to ask you if you can clarify which part in the Middleboro Ordinance that might be found about the debt service.

**Marc Dugre:** (Inaudible).

**Joshua Clark:** Because the way I read it here is, "operating and maintenance expenses, the reasonable expenses of operating and maintaining a mobilehome park, including but not limited to, maintenance, repair, management fee, real estate broker's commission, to someone other than the owner, insurance, utilities not included in the rent, but not included, mortgage interest, amortization or an allowance for obsolescence or mortgage depreciation. I think that the question at hand is whether or not debt service was an operating expenses.

**Mark Begley:** (Inaudible).

**Robert Hopkins:** Any further questions:

**Herb Hoague:** President of the association. Lived there for 35 years, the maintenance to the park is no comparison to what it was. Some services have been taken away. (Inaudible).

**Dick Elliot:** Grochmals' worked every day, park is a mess.

**Matt Uber:** We have increased trash pick up to Monday and Wednesday. 80% of the trees have been cut. I have sent multiple letters to call or text me with any issues. (Inaudible).

**Joshua Clark:** Mr. Uber, I just want to ask, out of interest, you presented us with your capital improvement of the park since you have taken ownership, one of the invoices talks about 2013 septic service that was done and we have the Tenant's Association in there was a rebuttal letter to their packet that there was a letter from Lisa Sanders from the Health Dept. about a sewage pool, and on May 11<sup>th</sup> of this year, according to these photos on May 20<sup>th</sup> sewage pond is covered. We don't address conditions of this park on this Board but I'm just curious.

**Matt Uber:** (Inaudible).

**Robert Hopkins:** We are calling a 10 minute recess.

Do we have a motion on the proposal? Both parties in the Bluebird MHC, LLC have presented their evidence. Shall we have a discussion, a motion on the proposal?

**Joshua Clark:** Discussion then a motion.

**Robert Hopkins:** We can do that. Let's have a general discussion first. Do you have a comment?

**Joshua Clark:** This is clearly a very complicated matter for both parties. As we've heard, there are differences of opinion of both sides, especially when it comes to maintenance of the park. With all the evidence and all the different things that have been provided to us, we

appreciate, that but unfortunately the only issue we're going to discuss is the rent increase. While the maintenance a bonus to the discussion, we cannot take that into account. In terms of my personal views on this issue, when looking at the numbers supplied to us by Mr. Dugre, it narrowed it to the cost that the park incurs on a daily basis, I think there are a number of things that jump out. The issue of whether or not there have been any increases or decreases in this list. There are four issues that are outlined, real estate tax, health insurance, water and debt service are the only cost outlined in this proposal, but, and Mr. Dugre had argued that they haven't been asked of us in the past. In previous situations the figures, as I recall, have not been as precise, but more a round figure of an estimate, generally based on the bills that are incurred by the park and we're able to only deal with the line items that are going to go up or go down. So in listening to your presentation and listening to Attorney Feldman's rebuttal, I've determined that there are many of these items that might have gone up that we don't have documentation for or that we don't have any real evidence of any of the cost. Just on that alone I would not feel comfortable with the increase. But then you factor in the debt service argument as well. Mr. Dugre brought up a very good point that in other parks in the City, they would be able to pay for their mortgage because they were earning close to a fair operating income. They were earning enough money, after all the expenses are paid, to cover that mortgage, therefore, it does not need to be a factor in the rent. And that was the argument that, I think, the Town of Middleboro was making in their ordinance. I think that if we're going to go off on what the ordinance says in this situation and calculate what the fair return would be on the assessed value of the park of 3.3 million dollars, which would come to a little over \$200,000, that should cover the debt service. And you would find if you took the debt service out and recalculated the fair return in using their numbers as rebutted but not the 2.5, you would be able to make that case. But there has been some weird calculation in your presentation. So it's not even clear just to calculate right now, taking out the debt service, and providing to the park a fair return because we have two different sets of numbers. We have the 2.5 x 5% originally presented to us and the 3.3 x 7 presented to us in a letter earlier this week and today, which is not in the original proposal but in the rebuttal documents. When the math is a little fuzzy, it's best to start over and I think that this would be the best course. I cannot recommend that this increase goes forward.

**Robert Hopkins:** According to the Rules and in fairness, if documentation was not received it is not admissible. Rebuttal and coming in late and not shared with the people cannot be considered in its entirety. The person can be considered but not the numbers themselves. What were you suggesting?

**Joshua Clark:** My recommendation would be to reject the proposal in its entirety. If they would like to move forward with a different proposal, they're more than welcome to do that. I think this is too muddy to move forward today.

**Sharyn Riley:** This is the first time we've come into a situation like this one where there's a new owner with a mortgage, that I can recall, so we have one side saying "the statute says this is what the Board has to do" and the other side saying "that's not what they've been doing" and I look at it as, since I have been on the Board, since I've been on the Board, we based items that we can identify where there would be no dispute over. We have the receipt, real estate when up, water and sewer went up and it was pretty justifiable. This one, as I read through Mr. Dugre's presentation, I thought some of the same things that Josh did. The depreciation...everything is

supposed to be there. My initial reaction was “what’s a fair operating expense”? How do I know that these are true? I don’t know what they represent. That bothers me. I ‘m also of the opinion that we’ve received more than one proposal. Numbers are changing, some things are not documented. Therefore, I certainly am not in favor of approving anything as it stands right now.

**Robert Hopkins:** Attorney Pikula, you want to add anything? This is up to the Board, correct?

**Christine Pikula:** Correct.

**Robert Hopkins:** I believe it is within our authority to accept or reject a proposal in its entirety, correct.

**Christine Pikula:** Correct.

**Robert Hopkins:** Do you have a statute that it is not allowed to allow the debt service.

**Christine Pikula:** That’s completely up to you.

**Robert Hopkins:** Okay, that’s what I thought. How do you want to proceed? Postpone, reject, re-submit? I would not consider anything that came in after the due date. As far as the details, the expenses, Mr. Dugre, you certainly didn’t provide us with a great deal of detail.

**Marc Dugre:** I always provided....(inaudible).

**Robert Hopkins:** I am also troubled by the \$78,000 Management Guaranteed Payments when he also applied for the tenants to pay his mortgage.

**Joshua Clark:** I think it’s appropriate at this time to move to reject this proposal in its entirety.

**Robert Hopkins:** Second?

**Sharyn Riley:** I will second it.

**Robert Hopkins:** Okay, so moved. We reject the proposal and would ask that you submit the proposal. You can resubmit and go through the process again. *Motion passes unanimously.*

We have decided to hold these meetings monthly, whether there is business or not, so that tenants and landlords can both come in on scheduled basis. Next date is September 26, 2016 at the Library at 6:00 in the Community Room.

Meeting adjourned at 8:25 p.m.